

**CITY OF DRAPER
DRAPER, UTAH**

FINANCIAL STATEMENTS

For The Year Ended June 30, 2006

Together With Independent Auditors' Report

**CITY OF DRAPER
TABLE OF CONTENTS**

	<u>Page</u>
Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	12
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Transportation Impact Fund Special Revenue Fund.....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Redevelopment Agency Special Revenue Fund.....	22
Statement of Net Assets – Proprietary Funds	23

CITY OF DRAPER
TABLE OF CONTENTS (Continued)

	<u>Page</u>
Statement of Revenues, Expenses, and Changes in Fund Net	
Assets – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Notes to Financial Statements	28
Supplemental Information:	
Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	53
Combining Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Nonmajor Governmental Funds	54
Impact Fee Schedules.....	55

FINANCIAL SECTION



Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA**INDEPENDENT AUDITORS' REPORT**Honorable Mayor and
Members of City Council
City of Draper
Draper, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Draper as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Draper's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the City of Draper as of June 30, 2006, and the respective changes in financial position, and, where applicable, the cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2006 on our consideration of the City of Draper's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, as noted on the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Draper's basic financial statements. The supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Combining Statements listed as supplemental information in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The Impact Fee Schedules listed as supplemental information in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Jansen & Keddington

December 21, 2006

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2006**

As management of the City of Draper (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

The assets of the City of Draper exceeded its liabilities at the close of 2006 by \$400 million (net assets). Of this amount, \$6 million (unrestricted net assets) is available to meet ongoing obligations to citizens and creditors.

The City's Governmental Activities had increases of revenue of \$22 million over fiscal year 2005 to \$53 million. During the same period expenses decreased from \$29 million to \$24 million.

The City increased net assets in Governmental Activities by \$29 million compared to \$4 million during fiscal year 2005. Net asset increased in Business Activities by \$6 million compared to a decrease of \$1 million during fiscal year 2005.

The unreserved and undesignated fund balance of the General Fund at June 30, 2006 was \$3.2 million, or 16% of the non-restricted General Fund revenue. State limits this amount to 18%. The City in compliance with State Law fund balance limits.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Draper's basic financial statements. The City of Draper's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves that will help the reader to gain a more in-depth understanding of the City.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Draper's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. The statements consist of the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents information on all of the City of Draper's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases over time in net assets gives an indicator as to whether the financial condition of the City is improving or declining.

The Statement of Activities presents information showing how the City of Draper's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., debt interest payment when the fiscal year ends between interest payments).

Both of the government-wide financial statements distinguish functions of the City of Draper that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type Activities). The Governmental Activities of the City of Draper include general government, public safety (police & fire), streets, planning and economic development, and parks and recreation. The Business-type Activities of the City of Draper include the Water Fund, Storm Drain Fund, and Solid Waste Fund.

CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

The government-wide financial statements include not only the City of Draper (the primary government), but also three legally separate component units, Traverse Ridge Special Service District, the Municipal Building Authority of the City of Draper, and the Redevelopment Agency of the City of Draper, for which the City is financially accountable. Financial information for these blended component units are presented with the financial statements for the City.

The government-wide financial statements are found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants, however, City Council establishes other funds to help control and manage money for particular purposes (i.e. Historical Preservation Fund). All of the City's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations after the fund financial statements.

Proprietary funds

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the statements for major funds.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds. Combining and individual fund statements and schedules can be found after the Notes in the financial section.

CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Draper, assets exceeded liabilities by \$400 million at the close of 2006.

The City uses these capital assets to provide services to residents; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets may be used to meet the City's ongoing obligations to residents and creditors.

The City continues to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate Governmental and Business-type Activities.

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005
Current and other assets	\$ 34,560,649	\$ 32,682,408	\$ 9,542,981	\$ 6,110,836
Capital assets	363,788,507	323,255,868	28,053,453	27,782,601
Total Assets	<u>\$ 398,349,156</u>	<u>\$ 355,938,276</u>	<u>\$ 37,596,434</u>	<u>\$ 33,893,437</u>
Current and other liabilities	\$ 10,614,684	\$ 5,233,655	\$ 607,159	\$ 448,829
Long-term liabilities	24,964,373	19,417,058	256,618	228,277
Total Liabilities	<u>\$ 35,579,057</u>	<u>\$ 24,650,713</u>	<u>\$ 863,777</u>	<u>\$ 677,106</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 337,535,615	\$ 303,064,800	\$ 32,099,866	\$ 26,373,464
Restricted	20,281,581	16,454,804	3,149,936	-
Unrestricted	4,952,903	11,767,959	1,482,855	6,842,867
Total Net Assets	<u>\$ 362,770,099</u>	<u>\$ 331,287,563</u>	<u>\$ 36,732,657</u>	<u>\$ 33,216,331</u>

CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

The City's revenues of \$64.3 million exceeded expenses of \$28.7 million, translating into an increase in net assets of \$35.6 million.

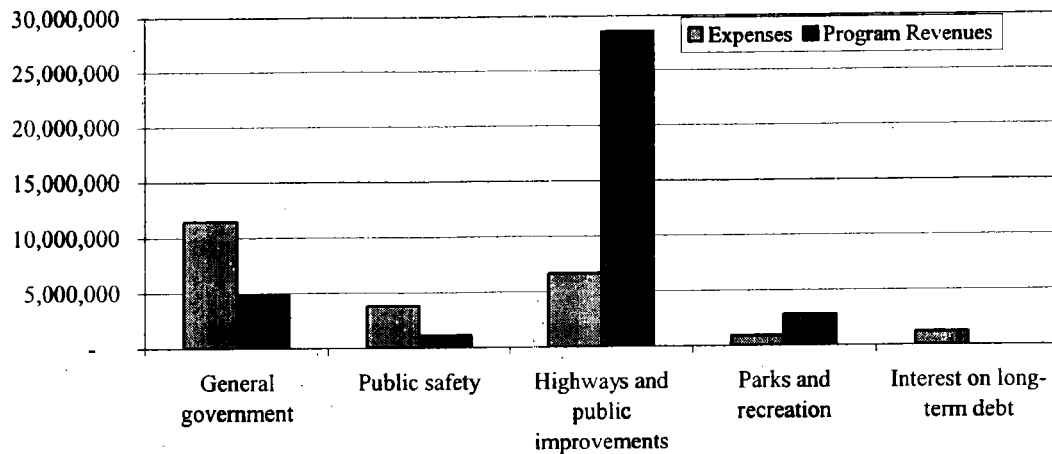
Draper City's Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005
Revenues:				
Program revenues:				
Charges for services	\$ 12,070,959	\$ 5,559,893	\$ 5,755,113	\$ 4,573,058
Operating grants and contributions	1,307,876	1,276,206	-	-
Capital grants and contributions	23,878,264	4,151,810	4,588,323	-
General revenues:				
Property taxes	6,675,859	5,035,990	-	-
Sales and franchise taxes	9,010,188	7,289,943	111,030	-
Proceeds from debt	-	7,058,140	-	-
Other taxes	24,487	-	-	-
Unrestricted investment earnings	1,098,053	-	313,414	103,258
Gain (loss) on disposition of assets	(511,407)	638,031	-	12,795
Equity investment income (loss)	-	-	(19,985)	-
Other revenues	-	-	-	1,200
Total Revenues	<u>53,554,279</u>	<u>31,010,013</u>	<u>10,747,895</u>	<u>4,690,311</u>
Expenses:				
General government	11,473,769	15,567,930	-	-
Public safety	3,799,718	6,061,997	-	-
Highways and public improvements	6,662,619	3,563,834	-	-
Parks and recreation	889,369	1,455,843	-	-
Interest on long-term debt	1,174,535	1,945,955	-	-
Water	-	-	2,502,620	2,176,194
Storm drain	-	-	911,059	832,919
Solid waste	-	-	1,357,448	1,199,409
Total Expenses	<u>24,000,010</u>	<u>28,595,559</u>	<u>4,771,127</u>	<u>4,208,522</u>
Increase in net assets before transfers	29,554,269	2,414,454	5,976,768	481,789
Transfers	<u>(300,000)</u>	<u>1,691,491</u>	<u>300,000</u>	<u>(1,691,491)</u>
Increase in Net Assets	29,254,269	4,105,945	6,276,768	(1,209,702)
Net Assets - Beginning	331,287,563	327,181,618	33,216,331	34,426,033
Prior Period Adjustments	<u>2,228,267</u>	<u>-</u>	<u>(2,760,442)</u>	<u>-</u>
Net Assets - Ending	<u><u>\$ 362,770,099</u></u>	<u><u>\$ 331,287,563</u></u>	<u><u>\$ 36,732,657</u></u>	<u><u>\$ 33,216,331</u></u>

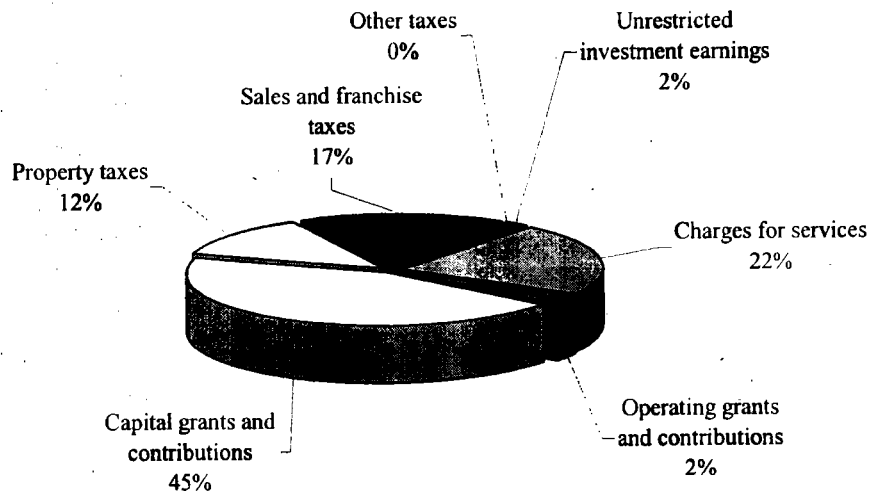
**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006**

Total revenue for Governmental Activities exceeded program expenses by \$13.2 million for FY 2005-06. The following illustrates the Governmental Activities revenues and expenses.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

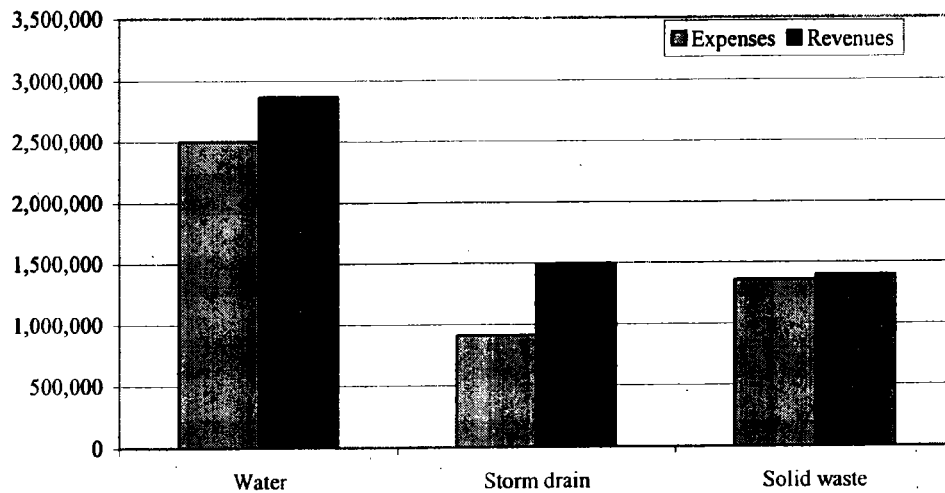


**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006**

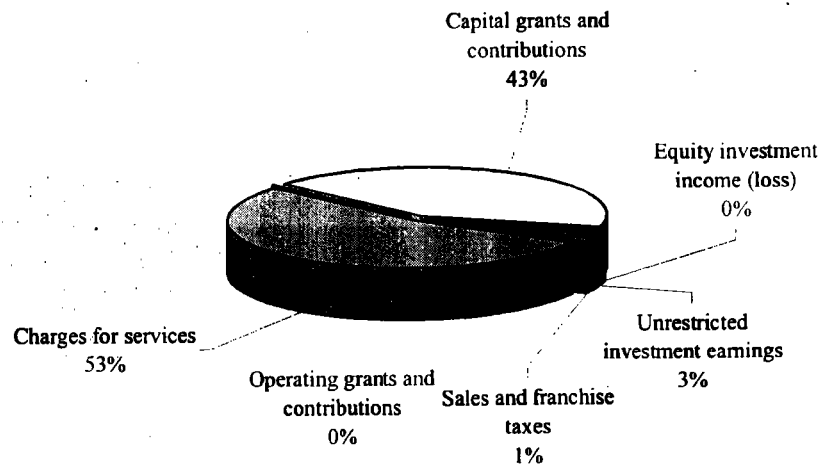
Business-type Activities

Total revenue for Business-type Activities exceeded program expenses by \$5.5 million for FY 2005-06. The following illustrates the Business-type Activities revenues and expenses.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006**

Financial Analysis of the Government's Funds

The City's Governmental Funds are accounted for using the modified accrual basis of accounting. The governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources and the unreserved portion of this total fund balance is a measure of the available resources at June 30, 2006.

As the City completed the year, its Governmental Funds reported a combined fund balance of \$24.8 million, which is a decrease of \$3.4 million compared to the prior fiscal year. Of that available fund balance, \$10.6 million was unreserved and undesignated. The remaining \$14.2 million combined fund balance total is reserved and is not available for new spending because it is already committed for the following purposes: (1) debt, (2) loan receivables, (3) capital projects, and (4) future development.

The General Fund accounts for all of the general services provided by the City of Draper. At June 30, 2006, the unreserved fund balance of the General Fund was \$3.2 million. The current General Fund unreserved fund balance is 16% of the non-restricted General Fund revenue. Given the current economy, the City's General Fund ended FY 2005-06 in a strong financial position.

The Capital Projects Fund has a total fund balance of \$14.3 million at June 30, 2006, all of which is either reserved for restricted assets or designated for unfinished projects.

General Fund Budgetary Highlights

Differences between the original and final amended budgets amount to a total increase in appropriations of \$3 million. Increases were made to almost all general fund budgets and all increases to the budgets were funded from fund balance.

For the General Fund, the budgeted revenues were \$17.6 million. Actual revenues were \$19.7 million.

Budgeted expenditures for the General Fund were \$17.5 million. Actual General Fund expenditures totaled \$16.5 million.

General government expenditures include all administrative functions of the City (i.e. Council, Recorder, Manager, Finance, Attorney, Public Works, Municipal Facilities, and Planning).

All recommended amendments for budget changes came through the Finance Department, to City Council via Resolution as required by State Statute. The Statute requires public hearing and the opportunity for public discussion. The City, per State law, does allow small intra-departmental budget changes that modify line items within departments within the same fund.

Capital Assets and Debt Administration

The City's investment in capital assets for its government and business type activities combined totaled \$400 million net of combined depreciation and amortization at June 30, 2006. Types of assets included in this category are land, land improvements, buildings, machinery and equipment, park and other recreation facilities, roads (including curb and gutter), street lights, traffic signals, parking facilities, and water and waste distribution and collections systems.

The financial statements provide a summary of the City's long-term debt.

At June 30, 2006, Draper City's bond debt amounted to \$25.7 million. That portion that is backed by the full faith and credit of the City amounted to \$6.6 million. All other bonded debt is known as revenue bonds and is secured by specific revenue sources.

CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006

Draper City's general obligation bonded debt has the Aaa ratings from Moody's Investors Service. General obligation debt of the City is limited by statute to eight percent of the reasonable fair cash value of property.

Capital Assets and Debt Administration

Draper City's Capital Assets
(Net of Depreciation)

	Governmental Activities 2006	Governmental Activities 2005	Business - type Activities 2006	Business - type Activities 2005
Land and right of ways	\$ 301,355,737	\$ 268,320,250	\$ 8,063	\$ -
Water shares	-	-	131,907	-
Infrastructure	41,158,836	32,273,648	-	-
Buildings	8,924,896	10,393,820	-	3,507,612
Improvements other than buildings	5,295,004	5,423,489	26,575,984	998,142
Machinery and equipment	2,005,362	1,090,992	384,452	905,157
Furniture and fixtures	327,201	411,935	13,756	2,651
Construction in progress	4,721,471	5,232,666	939,291	-
Total Capital Assets	\$ 363,788,507	\$ 323,146,800	\$ 28,053,453	\$ 5,413,562

Draper City's Outstanding Debt

	Governmental Activities 2006	Governmental Activities 2005	Business - type Activities 2006	Business - type Activities 2005
Bonds payable	\$ 25,498,569	\$ 20,359,177	\$ 220,000	\$ 270,000
Note payable	500,000	-	-	-
Capital leases	254,323	376,642	190,321	281,239
Total	\$ 26,252,892	\$ 20,735,819	\$ 410,321	\$ 551,239

**CITY OF DRAPER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2006**

Economic Factors and Next Year's Budgets and Rates

The City of Draper continues to maintain a strong financial position. The City remained cautious with its spending in FY 2005-06, delaying discretionary purchases and monitoring revenues to continually assess the City's financial position. The Finance Department continues to advise the Council and other administrative departments concerning increased spending in FY 2006-07.

In Fiscal Year 2005-06 the City realized increased Sales Tax revenue. It is anticipated that this trend will continue through Fiscal 2006-07. With several proposed large retail projects coming online over the next several years, sales tax revenues should rise significantly to help meet the increased demand for services. Overall General Fund revenues should offset inflationary increases in expenditures.

The City's utility funds also remain in moderately strong financial condition. Fees for storm water system usage and ambulance services have remained level. The City has revised its fee structure for water and solid waste disposal and may need to increase utility fees to accommodate system maintenance and improvements that have been delayed in previous years.

There is a significant concern regarding residential development in some parts of the City and the timing of construction of public facilities to support this growth. To allow growth in these areas to continue it will be necessary to fund capital projects from sources other than Impact Fees as these fees have not kept pace with residential development. With increased demand on General Fund reserves it may not be possible to construct the necessary public facilities without issuing additional debt.

Request for Information

This financial report is designed to provide our residents, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the City's Finance Department at City of Draper, 1020 East Pioneer Road, Draper, UT 84020.

BASIC FINANCIAL STATEMENTS

CITY OF DRAPER
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 19,565,735	\$ 4,518,686	\$ 24,084,421
Receivables:			
Accounts, net	1,778,176	760,620	2,538,796
Property taxes	6,671,231	-	6,671,231
Deferred charges	583,361	7,428	590,789
Restricted assets:			
Cash and cash equivalents	5,820,372	3,149,936	8,970,308
Prepays	141,774	-	141,774
Equity investment in joint venture	-	1,106,311	1,106,311
Capital assets, not being depreciated:			
Land and right of ways	301,355,737	8,063	301,363,800
Construction in progress	4,721,471	939,291	5,660,762
Water shares	-	131,907	131,907
Capital assets, net of accumulated depreciation:			
Buildings	8,924,896	-	8,924,896
Improvements other than buildings	5,295,004	26,575,984	31,870,988
Machinery and equipment	2,005,362	384,452	2,389,814
Furniture and fixtures	327,201	13,756	340,957
Infrastructure	41,158,836	-	41,158,836
Total Assets	<u><u>\$ 398,349,156</u></u>	<u><u>\$ 37,596,434</u></u>	<u><u>\$ 435,945,590</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF NET ASSETS (Continued)
June 30, 2006

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 1,493,511	\$ 433,091	\$ 1,926,602
Accrued liabilities	242,568	7,899	250,467
Accrued interest payable	231,093	1,466	232,559
Developer and customer deposits	745,832	11,000	756,832
Unearned revenue	6,613,161	-	6,613,161
Bonds payable - due within one year	1,063,000	50,000	1,113,000
Notes payable - due within one year	100,000	-	100,000
Capital leases payable - due within one year	125,519	103,703	229,222
Noncurrent Liabilities:			
Bonds payable - due in more than one year	24,435,569	170,000	24,605,569
Notes payable - due in more than one year	400,000	-	400,000
Capital leases payable - due in more than one year	128,804	86,618	215,422
Total Liabilities	<u>35,579,057</u>	<u>863,777</u>	<u>36,442,834</u>
Net Assets:			
Invested in capital assets, net of related debt	337,535,615	32,099,866	369,635,481
Restricted for:			
Debt service	1,640,309	75,917	1,716,226
Future development	17,354,039	3,074,019	20,428,058
MBA projects	522,233	-	522,233
TRSSD projects	110,000	-	110,000
RDA projects	655,000	-	655,000
Unrestricted	4,952,903	1,482,855	6,435,758
Total Net Assets	<u>362,770,099</u>	<u>36,732,657</u>	<u>399,502,756</u>
Total Liabilities and Net Assets	<u><u>\$ 398,349,156</u></u>	<u><u>\$ 37,596,434</u></u>	<u><u>\$ 435,945,590</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 11,473,769	\$ 4,795,192	\$ 41,429	\$ -	\$ (6,637,148)	\$ -	\$ (6,637,148)
Public safety	3,799,718	980,616	81,928	-	(2,737,174)	-	(2,737,174)
Highway and public improvements	6,662,619	4,496,527	1,184,369	22,878,264	21,896,541	-	21,896,541
Parks and recreation	889,369	1,798,624	150	1,000,000	1,909,405	-	1,909,405
Interest on long-term debt	1,174,535	-	-	-	(1,174,535)	-	(1,174,535)
Total Governmental Activities	24,000,010	12,070,959	1,307,876	23,878,264	13,257,089	-	13,257,089
Business-type Activities:							
Water	2,502,620	2,865,203	-	1,308,848	-	1,671,431	1,671,431
Storm drain	911,059	1,492,905	-	3,279,475	-	3,861,321	3,861,321
Solid waste	1,357,448	1,397,005	-	-	-	39,557	39,557
Total Business-type Activities	4,771,127	5,755,113	-	4,588,323	-	5,572,309	5,572,309
Total Government	\$ 28,771,137	\$ 17,826,072	\$ 1,307,876	\$ 28,466,587	13,257,089	5,572,309	18,829,398
General Revenues:							
Property taxes					6,675,859	-	6,675,859
Sales and franchise taxes					9,010,188	111,030	9,121,218
Other taxes					24,487	-	24,487
Unrestricted investment earnings					1,098,053	313,414	1,411,467
Loss on disposal of assets					(511,407)	-	(511,407)
Equity investment income (loss)					-	(19,985)	(19,985)
Transfers					(300,000)	300,000	-
Total general revenues and transfers					15,997,180	704,459	16,701,639
Changes in Net Assets					29,254,269	6,276,768	35,531,037
Net Assets, Beginning					331,287,563	33,216,331	364,503,894
Prior Period Adjustments					2,228,267	(2,760,442)	(532,175)
Net Assets, Ending					\$ 362,770,099	\$ 36,732,657	\$ 399,502,756

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2006

	General	Capital Project Fund	Redevelopment Agency	Special Revenue Transportation	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 2,706,285	\$ 15,126,570	\$ 1,423,649	\$ -	\$ 309,231	\$ 19,565,735
Restricted cash and cash equivalents	52,176	-	-	728,764	5,039,432	5,820,372
Receivables:						
Accounts, net	1,618,288	157,578	-	-	2,310	1,778,176
Property taxes	3,427,020	-	2,752,800	-	491,411	6,671,231
Due from other funds	200,000	-	-	-	48,039	248,039
Notes receivable	136,756	-	-	-	-	136,756
Prepays	141,774	-	-	-	-	141,774
Total Assets	\$ 8,282,299	\$ 15,284,148	\$ 4,176,449	\$ 728,764	\$ 5,890,423	\$ 34,362,083
Liabilities:						
Accounts payable	\$ 557,838	\$ 918,641	\$ -	\$ 16,909	\$ 123	\$ 1,493,511
Accrued liabilities	241,943	-	-	-	625	242,568
Developer and customer deposits	706,175	39,657	-	-	-	745,832
Notes payable	-	-	136,756	-	-	136,756
Due to other funds	-	-	-	-	248,039	248,039
Unearned revenue	3,372,663	-	2,752,800	-	487,698	6,613,161
Total Liabilities	4,878,619	958,298	2,889,556	16,909	736,485	9,479,867
Fund Balances:						
Reserved for:						
Debt service	52,176	-	-	-	1,235,865	1,288,041
Future development	-	6,301,726	-	711,855	3,603,567	10,617,148
MBA projects	-	522,233	-	-	-	522,233
RDA projects	-	655,000	-	-	-	655,000
TRSSD projects	-	110,000	-	-	-	110,000
B & C roads	-	907,000	-	-	-	907,000
Long-term note receivable	136,756	-	-	-	-	136,756
Unreserved, reported in:						
General fund	3,214,748	-	-	-	-	3,214,748
Special revenue funds	-	-	1,286,893	-	314,506	1,601,399
Capital projects fund	-	5,829,891	-	-	-	5,829,891
Total Fund Balances	3,403,680	14,325,850	1,286,893	711,855	5,153,938	24,882,216
Total Liabilities and Fund Balances	\$ 8,282,299	\$ 15,284,148	\$ 4,176,449	\$ 728,764	\$ 5,890,423	\$ 34,362,083

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2006

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances - Governmental Funds	\$ 24,882,216
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	363,788,507
Deferred charges, for long term debt are not financial resources and, therefore, are not reported in the funds	583,361
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(231,093)
Long-term liabilities, including bonds, capital leases, and notes are not due and payable in the current period and therefore, are not reported in the funds.	<u>(26,252,892)</u>
Total Net Assets - Governmental Activities	<u><u>\$ 362,770,099</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General Fund	Capital Project Fund	Redevelopment Agency	Transportation Impact Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Property	\$ 3,836,226	\$ -	\$ 2,368,358	\$ -	\$ 471,274	\$ 6,675,858
Sales	5,580,462	-	-	-	-	5,580,462
Franchise	3,429,725	-	-	-	-	3,429,725
Licenses and permits	3,443,379	-	-	-	-	3,443,379
Intergovernmental	1,328,584	-	-	-	-	1,328,584
Charges for services	1,144,261	-	-	-	-	1,144,261
Impact fees	-	-	-	3,324,715	2,593,306	5,918,021
Fines and forfeitures	711,517	-	-	-	-	711,517
Interest	129,852	282,539	57,163	209,424	419,226	1,098,204
Lease revenue	-	-	-	-	400,000	400,000
Miscellaneous	92,517	1,360,124	-	-	34,578	1,487,219
Total Revenues	19,696,523	1,642,663	2,425,521	3,534,139	3,918,384	31,217,230
Expenditures:						
Current:						
General government	10,450,749	-	344,037	-	142,699	10,937,485
Public safety	3,472,135	-	-	-	-	3,472,135
Highways and public improvements	536,718	-	-	-	118,532	655,250
Parks, recreation and public property	460,241	-	-	-	-	460,241
Capital outlay and grant expenditures	726,055	22,162,633	-	-	148,865	23,037,553
Debt Service:						
Principal	480,000	-	255,402	-	446,000	1,181,402
Interest	358,779	-	98,560	-	542,735	1,000,074
Bond issuance costs	-	-	-	-	208,442	208,442
Total Expenditures	16,484,677	22,162,633	697,999	-	1,607,273	40,952,582
Excess (deficiency) of revenues over (under) expenditures	3,211,846	(20,519,970)	1,727,522	3,534,139	2,311,111	(9,735,352)
Other Financing Sources (Uses):						
Lease revenue bonds issued	-	-	-	-	6,080,000	6,080,000
Transfers in	400,000	19,734,219	-	500,000	280,000	20,914,219
Transfers out	(6,449,439)	(180,000)	(1,220,793)	(4,627,045)	(8,736,942)	(21,214,219)
Total Other Financing Sources (Uses)	(6,049,439)	19,554,219	(1,220,793)	(4,127,045)	(2,376,942)	5,780,000
Net Change in Fund Balances	(2,837,593)	(965,751)	506,729	(592,906)	(65,831)	(3,955,352)
Fund Balances, Beginning	4,586,750	16,116,227	960,513	1,426,736	5,213,964	28,304,190
Prior Period Adjustments	1,654,523	(824,626)	(180,349)	(121,975)	5,805	533,378
Fund Balances, Ending	\$ 3,403,680	\$ 14,325,850	\$ 1,286,893	\$ 711,855	\$ 5,153,938	\$ 24,882,216

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds \$ (3,955,352)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	20,185,612
Depreciation expense	(4,448,423)

Contributed assets are not recorded in governmental funds due to no current resources being expended in the acquisition of such assets. The Statement of Net Assets will record these contributed assets at their estimated fair value on the date of contribution.

22,848,456

Amortization of deferred charges and bond premiums, reported on the Statement of Activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(19,086)

General fixed assets deleted during the year with the respective gain (loss) on disposal are not shown in governmental funds.

(511,407)

Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets.

Proceeds from bonds	(6,080,000)
Deferred charges for costs of issuance	208,442
Payment of bond principal	926,000
Capital lease payments	122,318

Expenses are recognized in the governmental funds when paid or due for; items not normally paid with available financial resources and interest on long-term debt. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due. This adjustment reflects the changes due to accrued interest on bonds payable.

(22,291)

Changes in net assets of governmental activities

\$ 29,254,269

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Taxes:				
Property	\$ 3,397,307	\$ 3,397,307	\$ 3,836,226	\$ 438,919
Sales	4,130,367	4,130,367	5,580,462	1,450,095
Franchise	2,777,000	2,781,487	3,429,725	648,238
Licenses and permits	3,362,342	3,362,342	3,443,379	81,037
Intergovernmental	946,610	1,353,017	1,328,584	(24,433)
Charges for services	187,600	1,195,604	1,144,261	(51,343)
Fines and forfeitures	1,000,000	1,000,000	711,517	(288,483)
Interest	77,000	85,000	129,852	44,852
Miscellaneous	293,849	293,849	92,517	(201,332)
Total Revenues	<u>16,172,075</u>	<u>17,598,973</u>	<u>19,696,523</u>	<u>2,097,550</u>
Expenditures:				
Current:				
City manager	307,502	96,930	54,162	42,768
Human resources	312,919	437,790	397,287	40,503
Administrative	580,674	472,785	429,192	43,593
Facilities maintenance	246,920	58,850	57,278	1,572
Information systems	375,036	318,558	318,558	-
Development services	129,251	115.00	115	-
Building	754,280	31,255	30,622	633
Planning	706,809	75,950	73,125	2,825
Ordinance enforcement	-	4,510	1,720	2,790
Economic development	250,913	86,505	80,496	6,009
Engineering	1,223,169	208,250	208,231	19
Fleet management	-	967,916	877,895	90,021
Mayor and city council	121,961	121,961	110,655	11,306
Finance	605,614	130,750	111,506	19,244
Nondepartmental	569,993	8,533,524	8,290,897	242,627
Police	2,671,787	228,654	228,649	5
Fire	2,942,538	2,942,538	2,595,465	347,073
Court	348,755	31,587	31,587	-
Legal services	403,000	403,000	374,608	28,392
Animal control	170,038	20,322	19,958	364

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND (Continued)
For The Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Public works director	252,402	7,600	3,155	4,445
Streets	634,564	380,454	376,582	3,872
Parks	845,395	328,780	322,546	6,234
Grant management	56,610	253,373	125,919	127,454
Debt service and lease payments principal and interest	-	1,373,958	1,364,469	9,489
Total Expenditures	<u>14,510,130</u>	<u>17,515,915</u>	<u>16,484,677</u>	<u>1,031,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,661,945</u>	<u>83,058</u>	<u>3,211,846</u>	<u>3,128,788</u>
Other Financing Sources (Uses):				
Transfers in	1,008,004	400,000	400,000	0
Transfers out	<u>(2,874,310)</u>	<u>(5,389,392)</u>	<u>(6,449,439)</u>	<u>(1,060,047)</u>
Total Other Financing Sources (Uses)	<u>(1,866,306)</u>	<u>(4,989,392)</u>	<u>(6,049,439)</u>	<u>(1,060,047)</u>
Net Change in Fund Balances	<u>\$ (204,361)</u>	<u>\$ (4,906,334)</u>	<u>(2,837,593)</u>	<u>\$ 2,068,741</u>
Fund Balances, Beginning			4,586,750	
Prior Period Adjustments			1,654,523	
Fund Balances, Ending			<u>\$ 3,403,680</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – TRANSPORTATION IMPACT FUND
For The Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Impact fees	\$ 1,491,009	\$ 1,491,009	\$ 3,324,715	\$ 1,833,706
Interest	52,000	52,000	209,424	157,424
Total Revenues	<u>1,543,009</u>	<u>1,543,009</u>	<u>3,534,139</u>	<u>1,991,130</u>
Expenditures:				
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,543,009</u>	<u>1,543,009</u>	<u>3,534,139</u>	<u>1,991,130</u>
Other Financing Sources (Uses):				
Transfers in	-	-	500,000	500,000
Transfers out	<u>(2,380,196)</u>	<u>(3,084,036)</u>	<u>(4,627,045)</u>	<u>(1,543,009)</u>
Total Other Financing Sources (Uses)	<u>(2,380,196)</u>	<u>(3,084,036)</u>	<u>(4,127,045)</u>	<u>500,000</u>
Net Change in Fund Balances	<u>\$ (837,187)</u>	<u>\$ (1,541,027)</u>	<u>(592,906)</u>	<u>\$ 948,121</u>
Fund Balances, Beginning			1,426,736	
Prior Period Adjustments			<u>(121,975)</u>	
Fund Balances, Ending			<u>\$ 711,855</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY
For The Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Taxes:				
Property	\$ 3,250,000	\$ 3,250,000	\$ 2,368,358	\$ (881,642)
Interest	32,000	32,000	57,163	25,163
Total Revenues	<u>3,282,000</u>	<u>3,282,000</u>	<u>2,425,521</u>	<u>(856,479)</u>
Expenditures:				
Current:				
General government	1,149,800	494,800	344,037	150,763
Debt Service:				
Principal and interest	649,782	649,782	353,962	295,820
Total Expenditures	<u>1,799,582</u>	<u>1,144,582</u>	<u>697,999</u>	<u>446,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,482,418</u>	<u>2,137,418</u>	<u>1,727,522</u>	<u>(409,896)</u>
Other Financing Sources (Uses):				
Transfers out	-	(1,220,793)	(1,220,793)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,220,793)</u>	<u>(1,220,793)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 1,482,418</u>	<u>\$ 916,625</u>	<u>506,729</u>	<u>\$ (409,896)</u>
Fund Balances, Beginning			960,513	
Prior Period Adjustments			(180,349)	
Fund Balances, Ending			<u>\$ 1,286,893</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2006

	Business-Type Activities - Enterprise Funds			
	Water	Storm Water	Nonmajor Solid Waste	Total
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 3,465,598	\$ 911,942	\$ 141,146	\$ 4,518,686
Receivables:				
Accounts, net	480,749	87,531	192,340	760,620
Total Current Assets	<u>3,946,347</u>	<u>999,473</u>	<u>333,486</u>	<u>5,279,306</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	1,037,079	2,112,857	-	3,149,936
Investment in joint venture	-	-	1,106,311	1,106,311
Deferred Charges	7,428	-	-	7,428
Capital assets:				
Water shares	131,907	-	-	131,907
Land	-	8,063	-	8,063
Improvement other than buildings	16,974,826	19,132,567	-	36,107,393
Machinery and equipment	124,947	381,030	72,520	578,497
Furniture and fixtures	48,329	-	-	48,329
Construction in progress	562,510	376,781	-	939,291
Less accumulated depreciation	(5,009,606)	(4,740,924)	(9,497)	(9,760,027)
Total Noncurrent Assets	<u>13,877,420</u>	<u>17,270,374</u>	<u>1,169,334</u>	<u>32,317,128</u>
Total Assets	<u>\$ 17,823,767</u>	<u>\$ 18,269,847</u>	<u>\$ 1,502,820</u>	<u>\$ 37,596,434</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (Continued)
June 30, 2006

	Business-Type Activities - Enterprise Funds			
	Water	Storm Water	Nonmajor Solid Waste	Total
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 314,066	\$ 4,198	\$ 114,827	\$ 433,091
Deposits	11,000	-	-	11,000
Accrued liabilities	5,451	1,786	662	7,899
Accrued interest payable	1,466	-	-	1,466
Bonds payable - current	50,000	-	-	50,000
Capital lease payable - current	-	26,391	77,312	103,703
Total Current Liabilities	<u>381,983</u>	<u>32,375</u>	<u>192,801</u>	<u>607,159</u>
Noncurrent Liabilities:				
Bonds payable	170,000	-	-	170,000
Capital leases payable	-	138,681	(52,063)	86,618
Total Noncurrent Liabilities	<u>170,000</u>	<u>138,681</u>	<u>(52,063)</u>	<u>256,618</u>
Total Liabilities	<u>551,983</u>	<u>171,056</u>	<u>140,738</u>	<u>863,777</u>
Net Assets:				
Invested in capital assets, net of related debt	17,449,243	14,603,352	47,271	32,099,866
Restricted for future development	961,162	2,112,857	-	3,074,019
Restricted for debt service	75,917	-	-	75,917
Unrestricted	(1,214,538)	1,382,582	1,314,811	1,482,855
Total Net Assets	<u>17,271,784</u>	<u>18,098,791</u>	<u>1,362,082</u>	<u>36,732,657</u>
Total Liabilities and Net Assets	<u>\$ 17,823,767</u>	<u>\$ 18,269,847</u>	<u>\$ 1,502,820</u>	<u>\$ 37,596,434</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS - PROPRIETARY FUNDS
For The Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds		
	Water	Storm Drain	Nonmajor Solid Waste
Operating Revenues:			
Water sales	\$ 2,143,028	\$ -	\$ -
Storm water utility fee	-	707,432	-
Garbage sales	-	-	1,397,005
Impact fees	283,943	785,473	-
Connection fees	213,698	-	-
Other revenue	335,564	-	-
Total Operating Revenues	2,976,233	1,492,905	1,397,005
Operating Expenses:			
Salaries and wages	260,000	100,271	37,968
Utilities	160,096	2,270	-
Water charges	1,089,386	-	-
Landfill fees	-	-	252,513
Sanitation charges	-	-	888,299
Supplies and maintenance	118,036	36,606	-
Repairs and maintenance	-	40,387	-
Administrative	293,401	111,135	161,076
Depreciation	559,934	609,838	4,835
Total Operating Expenses	2,480,853	900,507	1,344,691
Operating Income	495,380	592,398	52,314
Nonoperating Revenues (Expenses):			
Income (loss) on equity investment	-	-	(19,985)
Interest income	197,096	116,318	-
Interest expense	(21,767)	(10,552)	(12,757)
Total Nonoperating Revenues (Expenses)	175,329	105,766	(32,742)
Income (Loss) Before Contributions and Transfers	670,709	698,164	19,572
Capital Contributions	1,308,848	3,279,475	-
Transfers in	-	-	300,000
Changes in Net Assets	1,979,557	3,977,639	319,572
Net Assets, Beginning	19,619,220	12,708,264	888,847
Prior Period Adjustments	(4,326,993)	1,412,888	153,663
Net Assets, Ending	\$ 17,271,784	\$ 18,098,791	\$ 1,362,082

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			
	Water	Storm Drain	Nonmajor Solid Waste	Total
Cash Flows From Operating Activities:				
Cash received from customers	\$ 2,355,341	\$ 1,490,903	\$ 1,334,791	\$ 5,181,035
Cash received from other entities	337,564	-	-	337,564
Cash payments to suppliers for goods and services	(1,501,707)	(187,262)	(1,324,681)	(3,013,650)
Cash payments to employees and professional contractors for services	(263,562)	(100,992)	(38,006)	(402,560)
Net cash provided by operating activities	927,636	1,202,649	(27,896)	2,102,389
Cash Flows From Capital and Related Financing Activities:				
Transfer of capital lease	-	(49,404)	49,404	-
Transfer of capital lease from Fleet fund	-	281,236	-	281,236
Principal payments on bonds	(50,000)	-	-	(50,000)
Payments on capital leases	-	(66,760)	(24,157)	(90,917)
Interest paid on bonds and capital leases	(22,590)	(10,552)	(12,757)	(45,899)
Purchase of equipment/improvements	(349,804)	(360,808)	-	(710,612)
Transfer of assets in	-	-	300,000	300,000
Net cash provided (used) by capital related financing activities	(422,394)	(206,288)	312,490	(316,192)
Cash Flows From Non-Capital Financing Activities:				
Payments received from other funds on receivables	250,000	-	-	250,000
Net cash provided (used) by non-capital financing activities	250,000	-	-	250,000
Cash Flows From Investing Activities:				
Contributions to equity investment	-	-	(127,454)	(127,454)
Interest on investments	197,096	116,318	-	313,414
Net cash provided (used) by investing activities	197,096	116,318	(127,454)	185,960
Net Increase (Decrease) In Cash	952,338	1,112,679	157,140	2,222,157
Cash At Beginning Of Year	3,550,339	1,912,120	(15,994)	5,446,465
Cash At End Of Year	\$ 4,502,677	\$ 3,024,799	\$ 141,146	\$ 7,668,622

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			
	Water	Storm Drain	Nonmajor Solid Waste	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 495,380	\$ 592,398	\$ 52,314	\$ 1,140,092
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:				
Depreciation	559,934	609,838	4,835	1,174,607
(Increase) decrease in assets:				
Accounts receivable	(285,328)	184	(62,214)	(347,358)
Prepays	1,108	-	-	1,108
Increase (decrease) in liabilities:				
Accounts payable	158,104	3,136	(22,793)	138,447
Deposits	2,000	(2,186)	-	(186)
Accrued liabilities	(3,562)	(721)	(38)	(4,321)
Net cash provided (used) by operating activities	\$ 927,636	\$ 1,202,649	\$ (27,896)	\$ 2,102,389

The notes to the financial statements are an integral part of this statement.

CITY OF DRAPER NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Draper (the City) was incorporated on April 17, 1978, as a third class city under the provisions of the State of Utah and operates under a council-city manager form of government. The governing body consists of five elected council members and a mayor, each of which are elected to serve a four-year term. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager. The City provides the following services as authorized by its charter: general administrative services, public safety (police and fire), highway and streets, solid waste, recreation and parks, public improvements, and planning and zoning.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, and the City has chosen to do so. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City are discussed below.

(A) The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency and accountability. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

The City of Draper Redevelopment Agency (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The City of Draper Municipal Building Authority (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) The Reporting Entity (Continued)

upon the operations of the MBA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the MBA have been included in the financial reporting entity as a blended component unit. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

The Traverse Ridge Special Service District (TRSSD) was established to provide highway and transportation services, for the area within the City known as Suncrest. Services provided by the TRSSD include: snow removal, street lighting, road repair and maintenance, sweeping and disposal services. Although it is a legally separate entity from the City, the TRSSD is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the TRSSD. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the TRSSD have been included in the financial reporting entity as a blended component unit. The TRSSD is included in these financial statements as the Traverse Ridge Special Service District Special Revenue Fund. Separate financial statements are not issued for the TRSSD.

The City is not a component unit of any other entity. The City's basic financial statements include all City operations.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative services, police and fire protection (public safety), parks and recreation and public works are classified as governmental activities. The City's water, storm drain, and solid waste services are classified as business-type activities.

The government-wide financial statements (i.e., the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those which are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The solid waste fund is the only nonmajor business type activity (enterprise fund) and is included as a separate column in the statements for the proprietary funds.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, interest and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenue are taxes, licenses and permits and intergovernmental revenues. Primary expenses are for general government, public safety, public works, and parks and recreation.

The *Capital Projects Fund* accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by enterprise funds).

The *Transportation Impact Fund* accounts for road related impact fees derived from new development and their use.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The *Redevelopment Agency* accounts for property tax increment revenues from redevelopment areas within the City and will be used to revitalize and upgrade these areas of the City with quality developments.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the City's water distribution system.

The *Storm Water Fund* accounts for the activities of the City's storm drain distribution system.

The *Solid Waste Fund* (nonmajor fund) accounts for the activities of the City's solid waste collection operations. This is the only nonmajor proprietary fund and is included as a separate column as a nonmajor fund.

Additionally, the City reports the following fund types:

Special revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for general and special revenue funds are identical.

The *Municipal Building Authority* accounts for the accumulation of resources and payment of principal and interest on lease revenue bonds.

The *Fire Impact Fund* accounts for fire related impact fees derived from new development and the need for related capital assets.

Traverse Ridge Special Service District is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes in the Special District.

The *Police Impact Fund* accounts for police related impact fees derived from new development and the need for related capital assets.

The *Park Impact Fund* accounts for park related system impact fees derived from new development and their use.

The *Historic Preservation Fund* accounts for the activities of the City related to historic or preservation goals of the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers of the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(D) Budgetary Data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the City Manager and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the city manager and finance director, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgets for the General Fund, Special Revenue Funds and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

(E) Tax Revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) Tax Revenues (Continued)

special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Salt Lake County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on the January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

(F) Cash and Cash Equivalents, Deposits and Investments

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Investments consist of bond reserve accounts and accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool). Investments of the City are stated at cost, which approximates fair value.

(G) Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(H) Equity Investment in Joint Venture

The investment in Trans-Jordan Cities Landfill, a 7.25% owned joint venture is accounted for by the equity method of accounting. Under this method, the Solid Waste Fund (Enterprise Fund) records its share of the joint venture's net income or loss for each period.

(I) Restricted Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the government-wide and proprietary fund financial statements. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

(J) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair

CITY OF DRAPER **NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(J) Capital Assets (Continued)

value at the date of donation. The government reports infrastructure assets on a network or subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Water Tanks	100
Infrastructure	10 to 45
Buildings and improvements	7 to 40
Improvements other than buildings	7 to 20
Machinery and equipment	5 to 15
Vehicles	5 to 10
Office equipment	3 to 5
Furniture and fixtures	7

(K) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Other receivables at June 30, 2006, consisted of franchise tax, sales tax, grants and accounts (billings for user charged services, including unbilled utility services) and are shown net of an allowance for uncollectibles. Management has estimated the allowance for uncollectibles to be \$103,259, which is estimated based on historical trends related to collections of accounts receivable. Taxes, grants and utility charges are deemed collectible in full.

(L) Unearned Revenue

Unearned revenue arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the revenue is recognized.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(M) Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(N) Compensated Absences

Accumulated unpaid vacation is accrued as incurred, based on the years of service for each employee. Vacation time is accumulated on a biweekly basis and is fully vested when earned. The maximum annual carry forward of accrued vacation hours is 40 hours plus the current year maximum accrual. When an employee leaves or is terminated they are paid out at their current hourly rate.

(O) Fund Balances - Reserved

Reservations of the fund balance represents amounts that are legally segregated for a specific purpose. The reserved fund balances represents impact fees collected and funds reserved for capital project construction. These reserved fund balances are to be used exclusively for future expenditures for the purpose for which the funds were collected.

(P) Fund Balance - Designated

The City Council has elected to designate \$5,829,891 of the unreserved fund balance of the Capital Projects Fund for subsequent years' expenditures on planned construction projects.

(Q) Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents", which includes cash accounts that are separately held by several of the City's funds.

The City's deposit and investment policy is to follow the Utah Money Management Act. However, the City does not have a separate deposit and investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2006, \$1,437,078 of the City's \$1,447,078 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risks of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poors; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined by the Act.

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasures' Office.

For the year ended June 30, 2006, the City had investments of \$30,603,734 with the PTIF. The fair value of these investments was \$30,593,941. The PTIF pool has not been rated.

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of "interfund balances" as of June 30, 2006 is as follows:

Due to/from other funds:

Fund	Receivable	Payable
Governmental Activities		
General Fund	\$ 336,756	\$ -
Fire Impact Fees Fund	-	200,000
Municipal Building Authority		48,039
Traverse Ridge Special Service District	48,039	-
Redevelopment Agency	-	136,756
	<u>\$ 384,795</u>	<u>\$ 384,795</u>

The due to/from other funds are the result of individual funds' cash flow needs. These accounts at the fund financial statement level have been eliminated at the government-wide financial statement level (Statement of Net Assets).

The purpose of the transfers was to provide cash flows and pay operating expenses. The transfers among the funds for the year ended June 30, 2006 were as follows:

	Transfers In	Transfers Out
Governmental Activities		
General fund	\$ 400,000	\$ 6,449,440
Municipal Building Authority	-	5,940,381
Capital projects	19,734,219	180,000
Fire impact fee	280,000	180,000
Transportation impact fee	500,000	4,627,045
Park impact fee	-	2,506,560
Redevelopment Agency	-	1,220,793
Traverse Ridge SSD	-	110,000
Business-type Activities		
Storm water fund	300,000	-
	<u>\$ 21,214,219</u>	<u>\$ 21,214,219</u>

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2006:

Governmental Activities	Amount
Restricted for debt service	\$ 508,453
Restricted for unspent bond proceeds	779,588
Restricted for impact fees	4,532,331
Total governmental activities	5,820,372
Business-type Activities	
Restricted for future development	3,074,019
Restricted for debt service	75,917
Total business-type activities	3,149,936
Total restricted cash, cash equivalents and investments	\$ 8,970,308

NOTE 5 EQUITY INVESTMENT IN JOINT VENTURE

Trans-Jordan Cities Landfill

The Solid Waste Fund has a 7.25% ownership in the Trans-Jordan Cities Landfill (Trans-Jordan), which is accounted for using the equity method. In addition to the City, the Trans-Jordan Cities Landfill is owned by the cities of Midvale, Murray, Sandy, South Jordan, West Jordan and Riverton which own 5.92%, 9.32%, 33.20%, 10.25%, 26.15% and 7.91% of the landfill, respectively. Trans-Jordan Cities Landfill is a separate legal entity and political subdivision of the State of Utah and was formed pursuant to the provisions of the Interlocal Cooperation Act. The City has no firm commitment to make additional equity investments in the Trans-Jordan Cities Landfill.

Trans-Jordan Cities Landfill was formed to construct, operate, and maintain a refuse dumping facility. Trans-Jordan is governed by its Board of Directors. Under the organization agreement, the Board of Directors are appointed by the members. The management is under the Board of Directors, which elects officers and appoints management staff.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5. EQUITY INVESTMENT IN JOINT VENTURE (Continued)

The City purchased an equity investment in Trans-Jordan on July 1, 1997. The City agreed to pay a total of \$2,840,000 for a 20% interest in the landfill. In addition to the equity investment, the City will pay the applicable non-member tipping fee for all municipal waste deposited at the Landfill. The difference between the member rate and the non-member rate shall serve as a credit towards the retirement of the purchase amount. Such credits commenced on July 1, 1997. If at the end of the 15 years from July 1, 1997, the credits have not retired the principal sum, the balance of the purchase price shall be forgiven. When the purchase price is paid in full or forgiven, the City will pay the applicable member rate.

Summarized financial information of the joint venture is presented below:

	Trans-Jordan Cities	Draper City's Share
Total assets	\$ 19,467,748	\$ 1,411,412
Total liabilities	\$ 4,208,283	\$ 305,101
Total equity	\$ 15,259,465	\$ 1,106,311
Total operating revenues	\$ 5,086,254	\$ 368,753
Total operating expenses	(5,940,255)	(430,668)
Net operating (loss)	(854,001)	(61,915)
Total non-operating income	578,345	41,930
Net income	\$ (275,656)	\$ (19,985)
Closure and post-closure liabilities	\$ 3,774,619	\$ 273,660

The complete financial statements for Trans-Jordan Cities Landfill for the year ended June 30, 2006, can be obtained from Trans-Jordan Cities, 10873 South 7200 West, South Jordan, Utah 84095.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2006, is as follows:

	Balance June 30, 2005	Prior Period Adjustments	Additions	Deletions	Balance June 30, 2006
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 48,354,165	\$ (813,379)	24,042,730	-	\$ 71,583,516
Right of way - canals	660,900	-	-	-	660,900
Right of way - roads	219,305,185	(802,510)	10,108,646	-	228,611,321
Construction in progress	5,232,666	375,568	19,490,558	(20,377,321)	4,721,471
Total capital assets, not being depreciated	273,552,916	(1,240,321)	53,641,934	(20,377,321)	305,577,208
Capital assets, being depreciated:					
Buildings	9,892,874	-	448,374	(1,606,212)	8,735,036
Building improvements	1,636,633	-	-	(136,376)	1,500,257
Furniture and fixtures	701,820	-	-	(139,372)	562,448
Improvements	5,669,935	-	101,577	(179,918)	5,591,594
Machinery and equipment	631,758	1,941,559	317,346	(954,273)	1,936,390
Office equipment	1,602,982	(86,700)	97,142	(888,422)	725,002
Park assets/sporting fields	1,410,046	-	109,505	(107,310)	1,412,241
Paved trails	284,938	-	-	-	284,938
Vehicles	249,183	1,837,641	280,567	-	2,367,391
Infrastructure: roadways	42,296,093	676,135	7,067,946	-	50,040,174
Infrastructure: sidewalks	9,109,040	(394)	1,042,462	-	10,151,108
Infrastructure: street lights	1,068,692	-	176,600	-	1,245,292
Infrastructure: surfaces - parking lots	351,602	-	33,436	-	385,038
Infrastructure: traffic lights	44,517	-	94,500	-	139,017
Total capital assets, being depreciated	74,950,113	4,368,241	9,769,455	(4,011,883)	85,075,926
Less accumulated depreciation for:					
Buildings	(662,823)	(27,449)	(212,502)	81,189	(821,585)
Building improvements	(472,864)	(79,260)	(70,194)	133,506	(488,812)
Furniture and fixtures	(289,885)	170	(80,350)	134,818	(235,247)
Improvements	(1,420,424)	300	(338,135)	173,822	(1,584,437)
Machinery and equipment	(229,670)	(1,271,246)	(215,913)	616,658	(1,100,171)
Office equipment	(1,032,368)	18,397	(158,030)	732,834	(439,167)
Park assets/sporting fields	(415,299)	55,203	(50,841)	107,310	(303,627)
Paved trails	(105,707)	14,249	(14,247)	-	(105,705)
Vehicles	(130,893)	(973,588)	(379,602)	-	(1,484,083)
Infrastructure: roadways	(17,108,400)	2,290,027	(2,513,087)	-	(17,331,460)
Infrastructure: sidewalks	(2,645,069)	366,585	(320,996)	-	(2,599,480)
Infrastructure: street lights	(740,429)	62,031	(76,292)	-	(754,690)
Infrastructure: surfaces - parking lots	(87,669)	13,610	(14,277)	-	(88,336)
Infrastructure: traffic lights	(14,729)	(9,141)	(3,957)	-	(27,827)
Total accumulated depreciation	(25,356,229)	459,888	(4,448,423)	1,980,137	(27,364,627)
Total capital assets, net of accumulated depreciation	49,593,884	4,828,129	5,321,032	(2,031,746)	57,711,299
Governmental Activities capital assets, net	\$ 323,146,800	\$ 3,587,808	\$ 58,962,966	\$ (22,409,067)	\$ 363,288,507

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

Governmental activities depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 410,564
Public safety	327,583
Highways and public improvements	3,281,148
Parks and recreation	429,128
Total depreciation expense - governmental activities	\$ 4,448,423

The Business-type Activities property, plant and equipment consist of the following at June 30, 2006:

	Balance June 30, 2005	Prior Period Adjustments	Additions	Deletions	Balance June 30, 2006
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ -	\$ -	\$ 8,063	\$ -	\$ 8,063
Construction in progress	-	370,672	621,476	(52,857)	939,291
Water Shares	131,907	-	-	-	131,907
Total capital assets, not being depreciated	131,907	370,672	629,539	(52,857)	1,079,261
Capital assets, being depreciated:					
Vehicles	92,410	(1,590)	50,502	-	141,322
Office equipment	9,469	-	-	-	9,469
Machinery & equipment	373,816	63,359	-	-	437,175
Furniture & fixtures	44,183	(5,323)	-	-	38,860
Storm Water system	14,318,951	1,126,415	3,687,201	-	19,132,567
Water system	20,043,591	(5,880,833)	1,308,842	-	15,471,600
Water tanks	1,503,226	-	-	-	1,503,226
Total capital assets, being depreciated	36,385,646	(4,697,972)	5,046,545	-	36,734,219
Less accumulated depreciation for:					
Vehicles	(73,896)	(4,182)	(19,581)	-	(97,659)
Office equipment	(1,997)	(1,159)	(3,156)	-	(6,312)
Machinery & equipment	(69,701)	7,152	(33,837)	-	(96,386)
Furniture & fixtures	(24,172)	3,397	(7,486)	-	(28,261)
Storm Drain System	(3,654,611)	(406,750)	(576,299)	-	(4,637,660)
Water System	(5,482,541)	1,273,948	(522,529)	-	(4,731,122)
Water tanks	(162,477)	14,882	(15,032)	-	(162,627)
Total accumulated depreciation	(9,469,395)	887,288	(1,177,920)	-	(9,760,027)
Total capital assets, net of accumulated depreciation	26,916,251	(3,810,684)	3,868,625	-	26,974,192
Business-type Activities capital assets, net	\$ 27,048,158	\$ (3,440,012)	\$ 4,498,164	\$ (52,857)	\$ 28,053,453

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

Business -type depreciation expense was charged to functions/programs as follows:

Water Fund	\$ 563,247
Storm Water Fund	609,838
Sanitation Fund	4,835
	<hr/>
Total depreciation expense - business-type activities	\$ 1,177,920
	<hr/>

NOTE 7 ACCRUED COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation time which will be paid to employees upon termination. Accumulated sick leave is not paid to employees upon termination. At June 30, 2006, a current liability of \$229,730 and \$7,898 was accrued in the general governmental activities and the business-type activities, respectively for accrued vacation time. All compensated absences have been considered to be current and have been included as such in both the government wide and fund financial statements and are presented with accrued liabilities.

NOTE 8 DEVELOPER AND CUSTOMER DEPOSITS

Developer and customer deposits are principally deposits from customers that are held by the City for water connections or for construction projects until such time for refund is warranted.

NOTE 9 UNEARNED PROPERTY TAXES

In conjunction with GASB pronouncement 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" the City has accrued property tax receivable and a unearned property tax revenue in the General Fund, TRSSD and Redevelopment Agency in the amounts of \$3,372,663, \$487,698 and \$2,752,800, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2006 was not expected to be received within 60 days after the year ended June 30, 2006, the City was required to record a receivable and unearned revenue of the estimated amount of the total property tax to be levied on October 1, 2006.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2006:

	June 30, 2005	Additions	Retirements	June 30, 2006	Due Within One Year
Governmental Activities:					
Bonds payable					
General obligation bonds	\$ 7,000,000	\$ -	\$ (330,000)	\$ 6,670,000	\$ 240,000
Sales tax revenue bonds	3,955,000	-	(150,000)	3,805,000	155,000
Municipal Building Authority lease revenue bonds	9,127,000	6,080,000	(446,000)	14,761,000	668,000
Plus: unamortized premiums	277,177	-	(14,608)	262,569	-
Total bonds payable	20,359,177	6,080,000	(940,608)	25,498,569	1,063,000
Notes payable and capital leases					
Notes payable	-	500,000	-	500,000	100,000
Capital lease obligations	376,642	-	(122,319)	254,323	125,519
Total notes payable and capital leases	376,642	500,000	(122,319)	754,323	225,519
Governmental activities long-term liabilities	20,735,819	6,580,000	(1,062,927)	26,252,892	1,288,519
Business-type Activities:					
Bonds payable					
Water revenue bonds	270,000	-	(50,000)	220,000	50,000
Total bonds payable	270,000	-	(50,000)	220,000	50,000
Capital leases					
Capital lease obligations	281,239	-	(90,918)	190,321	103,703
Total capital leases	281,239	-	(90,918)	190,321	103,703
Business-type activities long-term liabilities	551,239	-	(140,918)	410,321	153,703
	\$ 21,287,058	\$ 6,580,000	\$ (1,203,845)	\$ 26,663,213	\$ 1,442,222

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Governmental Activities:

General Obligation Bonds

Series 2005 General Obligation Bonds, original issue of \$7,000,000, principal due in annual installments beginning February 2006, interest at 3.00% to 4.50% due in semi-annual installments beginning February 2006, with the final payment due February 2025. The bonds were issued to finance the acquisition of land in order to preserve open space within the City. These general obligation bonds were issued for governmental activities.

\$ 6,670,000

Total General Obligation Bonds - Governmental Activities

\$ 6,670,000

Sales Tax Revenue Bonds

Series 2004 Sales Tax Revenue Bonds, original issue of \$4,100,000, principal due in annual installments beginning May 2005, interest at 2.50% to 4.45% due in semi-annual installments beginning November 2004, with the final payment due May 2024. The bonds were issued to finance the costs of designing and constructing a city street that will run from Bangerter Highway to Highland Drive.

\$ 3,805,000

Total Sales Tax Revenue Bonds - Governmental Activities

\$ 3,805,000

Municipal Building Authority Lease Revenue Bonds

Municipal Building Authority Lease Revenue Bonds Series 2005, original issue of \$6,080,000, principal due in annual installments beginning November 2006, interest at 3.50% to 5.00% due in semi-annual installments beginning May 2006, with the final payment due November 2025. The bonds were issued to finance the acquisition of park and recreation land and construction improvements.

\$ 6,080,000

Municipal Building Authority Lease Revenue Bonds Series 2003, original issue of \$1,187,000, principal due in annual installments beginning September 2005, interest at 2.20% to 4.45% due in semi-annual installments beginning March 2004, with the final payment due September 2013. The bonds were issued to finance the costs of the public works building construction and related improvements..

1,071,000

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Municipal Building Authority Lease Revenue Bonds (Continued)

Municipal Building Authority Lease Revenue Bonds Series 2002B, original issue of \$7,770,000, principal due in annual installments beginning May 2003, interest at 4.15% to 5.00% due in semi-annual installments beginning November 2002, with the final payment due May 2024. The bonds were issued to finance the costs of city hall construction and to refund the Series 2000 Lease Revenue and Refunding Bonds.

\$ 7,105,000

Municipal Building Authority Lease Revenue Bonds Series 2002, original issue of \$710,000, principal due in annual installments beginning February 2004, interest at 3.30% to 4.85% due in semi-annual installments beginning August 2002, with the final payment due February 2012. The bonds were issued to finance the costs to construct a fire station.

505,000

Total Municipal Building Authority Lease
Revenue Bonds - Governmental Activities

\$ 14,761,000

RDA Commitments

Agreement to make annual principal and interest payments of \$215,000 to Draper Peaks, LLC. These are based on amortization of the Agency reimbursement amount of \$2,466,000 (based on a 20 year amortization schedule with interest at the rate of 6% per annum). The payments will be paid from the tax increment generated from Draper Peaks LLC's tract. This tract has not been put on the tax rolls as of June 30, 2006.

\$ 2,466,000

Agreement to make annual principal and interest payments of \$281,945 to Draper Peaks, LLC. These are based on amortization of the Agency reimbursement amount of \$3,233,894 (based on a 20 year amortization schedule with interest at the rate of 6% per annum). The payments will be paid from the tax increment generated from Draper Peaks LLC's tract. This tract was put on the tax rolls January 1, 2006. The first payment is anticipated to be made under this agreement on February 1, 2007.

3,233,894

Agreement to make annual principal and interest payments of \$223,183 to Kohl's Department Stores, Inc. These payments are to be paid from the tax increment generated from the Kohl's Department Stores, Inc tract. According to the agreement, payments are required to be paid to Kohl's Departments Stores, Inc "until such point in time as the net present value of the payments received by Kohl's Department Stores, Inc calculated at a 6% discount rate from the Opening Date equals an aggregate total of \$1,642,648." The Opening Date was November 1, 2004. This tract was put on the tax rolls January 1, 2005. The first payment was made under this agreement on February 1, 2006.

1,518,024

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

RDA Commitments (Continued)

Agreement to pay \$500,000 to the City of Draper, no interest is due on the repayment, repayment is to be paid from the property tax increment revenue related to American Heritage - Draper, LLC for building permits and impact fees for site improvement in the West Freeway Project.

\$ 136,756

Agreement to pay \$1,300,000 to American Heritage - Draper, LLC, no interest is due on the repayment, repayment is to be paid from 20% of the property tax increment revenue related to the project area for site improvements in the West Freeway Project.

280,103

Total RDA Commitments - Governmental Activities

\$ 5,168,777

Notes Payable

The City has an agreement to pay \$500,000 to IKEA for property. The principal payments are due August 1 of each year, maturing with the August 1, 2011 payment. No interest is due on repayment.

\$ 500,000

Total Notes Payable - Governmental Activities

\$ 500,000

Capital Lease Obligations

2003 Equipment lease, original amount of \$612,000, lease payments due in semi-annual installments of \$65,661 including interest at 2.60% beginning October 2003, with the final payment due April 2008. The principal and interest payments are made from the general fund. The lease was used to purchase police vehicles and equipment.

\$ 254,323

Total Capital Lease Obligations - Governmental Activities

\$ 254,323

Business-type Activities

Revenue Bonds

Series 1995 Water Revenue Bonds, original issue of \$590,000, principal payments due in annual installments beginning June 1996, interest at 5.15% to 7.00% due in semi-annual installments beginning December 1995 with the final payment due June 2010. The bonds were issued to finance the cost of improvements to the City's culinary water system.

\$ 220,000

Total Revenue Bonds - Business-type Activities

\$ 220,000

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Capital Lease Obligations

2005 Equipment lease, original amount of \$223,170, lease payments due in annual installments of \$50,921 including interest at 4.56% beginning July 2005, with the final payment due July 2009. The principal and interest payments are made from the Storm Water Fund revenues. The lease was used to purchase sewer cleaning equipment.

\$ 139,822

2005 Equipment lease, original amount of \$145,039, lease payments due in annual installments of \$52,781 including interest at 4.52% beginning July 2005, with the final payment due July 2007. The principal and interest payments are made from the Storm Water Fund and Sanitation Fund revenues. The lease was used for the purchase of a street sweeper.

50,499

Total Capital Leases - Business-type Activities

\$ 190,321

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2006, are as follows:

Year Ending June 30,	Governmental Activities General Obligation Bonds	
	Principal	Interest
2007	\$ 240,000	\$ 284,525
2008	250,000	277,325
2009	255,000	267,950
2010	265,000	258,388
2011	275,000	247,788
2012-2016	1,570,000	1,058,702
2017-2021	1,935,000	690,763
2022-2025	1,880,000	216,000
	<u>\$ 6,670,000</u>	<u>\$ 3,301,441</u>

Year Ending June 30,	Governmental Activities Sales Tax Revenue Bonds	
	Principal	Interest
2007	\$ 155,000	\$ 157,063
2008	155,000	152,800
2009	160,000	148,150
2010	165,000	142,950
2011	170,000	137,175
2012-2016	970,000	580,226
2017-2021	1,185,000	362,208
2022-2025	845,000	80,605
	<u>\$ 3,805,000</u>	<u>\$ 1,761,177</u>

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Year Ending June 30,	Governmental Activities MBA Lease Revenue Bonds	
	Principal	Interest
2007	\$ 668,000	\$ 627,031
2008	692,000	601,807
2009	721,000	575,133
2010	750,000	546,791
2011	775,000	516,921
2012-2016	3,665,000	2,121,930
2017-2021	3,855,000	1,362,913
2022-2025	3,635,000	397,026
	<u>\$ 14,761,000</u>	<u>\$ 6,749,552</u>

Year Ending June 30,	Governmental Activities RDA Commitments	
	Principal	Interest
2007	\$ 636,872	\$ 306,845
2008	233,214	271,914
2009	247,207	257,922
2010	262,040	243,089
2011	277,761	227,367
2012-2016	1,436,529	865,928
2017-2021	887,481	522,244
2022-2025	1,187,673	222,076
	<u>\$ 5,168,777</u>	<u>\$ 2,917,385</u>

Year Ending June 30,	Governmental Activities Notes Payable	
	Principal	Interest
2007	\$ 100,000	\$ -
2008	100,000	-
2009	100,000	-
2010	100,000	-
2011	100,000	-
	<u>\$ 500,000</u>	<u>\$ -</u>

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Year Ending June 30,	Business-type Activities Water Revenue Bonds	
	Principal	Interest
2007	\$ 50,000	\$ 15,200
2008	55,000	11,900
2009	55,000	8,050
2010	60,000	4,200
	<u>\$ 220,000</u>	<u>\$ 39,350</u>

The future minimum lease payments to be paid by the City for governmental activities capital leases are as follows:

Year Ending June 30,	Governmental Activities Total
2007	\$ 131,321
2008	131,321
Total minimum lease payments	262,642
Less: amount representing interest	(8,319)
Present value of net minimum lease payments	<u>\$ 254,323</u>

The assets acquired through government activities capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 490,297
Less: accumulated depreciation	(92,079)
Total	<u>\$ 398,218</u>

The future minimum lease payments to be paid by the City for Business-type capital leases are as follows:

Year Ending June 30,	Business-type Activities Total
2007	\$ 103,703
2008	50,922
2009	50,922
Total minimum lease payments	205,547
Less: amount representing interest	(15,226)
Present value of net minimum lease payments	<u>\$ 190,321</u>

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

The assets acquired through business-type capital leases are as follows:

	<u>Business-type Activities</u>
Asset:	
Machinery and equipment (ambulances)	\$ 368,209
Less: accumulated depreciation	<u>(49,094)</u>
Total	<u>\$ 319,115</u>

NOTE 11 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. This insurance covers all of these risks except natural disasters. The government is self insured for risk of loss involving employees, which amounts are based on work risk factors and experience as set forth by worker's compensation insurance.

The City is also a member of the Utah Risk Management Association (URMMA) which is an insurance pool of municipalities in the state for liability insurance. The pool purchases umbrella insurance against large claims, and each city has a \$7,500 deductible before the pool pays from its reserves and/or policy.

NOTE 12 RETIREMENT PLANS

Cost Sharing Defined Benefits Pension Plans

Plan description: The City contributes to the Local Governmental Noncontributory Retirement System, and Public Safety Noncontributory Retirement System, which are for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding policy: The City is required to contribute a percent of covered salary to the respective systems, 11.59% to the Local Government Noncontributory Retirement System and 22.38% to the Public Safety Retirement System. The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the board.

The City's contributions to the Local Government Noncontributory Retirement System for the years ended June 30, 2006, 2005, and 2004 were \$419,989, \$364,177, and \$318,372, respectively. The salaries subject to retirement contributions for the same periods were \$3,787,095, \$3,280,451, and \$3,309,475, respectively. The Public Safety Retirement System contributions for June 30, 2006, 2005, and 2004 were \$158,556, \$137,102, and \$86,734, respectively. The salaries subject to noncontributory contributions were \$819,837, \$718,561, and \$534,078, respectively. The contributions were equal to the required contributions for each year.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 RETIREMENT PLANS (Continued)

401(k) Defined Contribution Plans

The City sponsors a defined contribution plan under Internal Revenue Code 401(k) through the Utah State Retirement Systems. Contributions may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. Employer paid contributions for the years ended June 30, 2006, 2005, and 2004 were \$128,367, \$114,198, and \$107,406 respectively. The 401(k) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(k) defined contribution plan are reflected in the financial statements.

457 Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Employee paid contributions for the years ended June 30, 2006, 2005, and 2004 were \$7,150, \$14,750, and \$487.

In fiscal year 1997, the City adopted Governmental Accounting Standards Board Statement 32 (GASB No.32), *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As a result of the modifications to the plan documents to conform to the new provisions of the Internal Revenue Code, all of the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries rather than the assets of the employer. Therefore, the assets are no longer assets of the City and are not included in the City's financial statements.

NOTE 13 REDEVELOPMENT AGENCY

In accordance with Utah State law, the City makes the following disclosures relative to the Draper City Redevelopment Agency (RDA): The RDA collected \$2,368,358 of tax increment monies for its project areas of which \$353,962 was paid to developers of the projects. Some of these funds were paid out to Draper City, a taxing agency. The RDA has several notes for reimbursement to developers associated with the RDA project areas; see *Note 10* for terms and schedules on notes. During 2006, the RDA expended \$121,741 for property acquisitions and site improvements, and \$344,000 for administrative costs.

The RDA had approximately \$655,000 of outstanding construction commitments at June 30, 2006.

NOTE 14 CONTINGENT LIABILITIES

The City is a defendant in various claims and suits arising from the ordinary course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF DRAPER
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 15 COMMITMENTS AND AGREEMENTS

The City has entered into an agreement with Suncrest Development (Suncrest). Suncrest constructed two roads (Traverse Ridge Road and Suncrest Drive). The City has credited Suncrest with prepaid traffic impact fees for the cost of these improvements. Also, Transportation impact fees collected or previously collected for Traverse Mountain Area property owners are to be paid to Suncrest as a reimbursement for improvements made. Total reimbursement to Suncrest is expected to be \$7,635,963.

The City has entered into an agreement Jordan Valley Water Conservancy to purchase a minimum amount of water for the next several years.

The City has an agreement with Metropolitan Water District to pay \$2,000,000 as the incremental cost of adding 5 million gallons of storage capacity to the water treatment plant. The City is not required to pay until the storage facility is constructed and available for the City's use.

The City has construction commitments outstanding at year end for projects which have been awarded and construction has begun, but which have not been paid for at year end. Total unpaid construction commitments at June 30, 2006 was \$3,793,446 on original contracts totaling \$4,420,846.

NOTE 16 SUBSEQUENT EVENTS

Subsequent to year, the City has entered into negotiations to purchase the cemetery, between Fort and 9th Street at about 12450 South, from the Church of Jesus Christ of Latter-Day Saints. This will add a permanent fund to the City. The City is to receive all assets of the cemetery in exchange for assuming all obligations for maintenance and upkeep of the cemetery.

NOTE 17 PRIOR PERIOD ADJUSTMENTS

During the current year, management of the City elected to change how several funds were operated, and accounted for. In prior years a Fleet Internal Service Fund (Proprietary Fund) was used to account for many of the fixed assets and maintenance costs for the City. The City has eliminated this fund moving the assets belonging to proprietary funds to their respective funds, while assets from governmental funds were moved to the General Fixed Asset Account Group, which are reported on the Statement of Net Assets. Also, the Debt Service Fund of the City has been eliminated. All debt service payments are now made from the responsible fund. In addition, prior year debt reported in the Debt Service Fund has been moved to the General Long Term Debt Account Group, which is reported on the Statement of Net Assets. In addition to these items, additional adjustments were made by management to reverse prior year accruals, to record revenues in the proper period, to move assets to their proper funds, to record notes receivables, to reconcile deposits and escrow bonds to proper balances and classifications, to reconcile ambulance receivables and revenues to the proper periods and classifications, to record payables, and to record liabilities into their respective funds.

SUPPLEMENTAL INFORMATION

CITY OF DRAPER
COMBINING BALANCE
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue Funds					Total
	Municipal Building Authority	Fire Impact Fund	Park Impact Fund	Police Impact Fund	Traverse Ridge	Other Governmental Funds
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 299,087	\$ 309,231
Restricted cash and cash equivalents	1,235,865	385,304	2,951,263	467,000	-	5,039,432
Receivables:						
Accounts, net	-	-	-	-	2,310	2,310
Property taxes	-	-	-	-	491,411	491,411
Due from other funds	-	-	-	-	48,039	48,039
Total Assets	\$ 1,235,865	\$ 385,304	\$ 2,951,263	\$ 467,000	\$ 840,847	\$ 5,890,423
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 123	123
Accrued liabilities	-	-	-	-	625	625
Notes payable	-	-	-	-	-	-
Due to other funds	48,039	200,000	-	-	-	248,039
Unearned revenue	-	-	-	-	487,698	487,698
Total Liabilities	48,039	200,000	-	-	488,446	736,485
Fund Balances:						
Reserved for:						
Impact fees	-	185,304	2,951,263	467,000	-	3,603,567
Debt Service	1,235,865	-	-	-	-	1,235,865
Unreserved, undesignated reported in:						
Special revenue funds	(48,039)	-	-	-	352,401	314,506
Total Fund Balances	1,187,826	185,304	2,951,263	467,000	352,401	5,153,938
Total Liabilities and Fund Balances	\$ 1,235,865	\$ 385,304	\$ 2,951,263	\$ 467,000	\$ 840,847	\$ 5,890,423

CITY OF DRAPER
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	Municipal Building Authority	Fire Impact Fund	Special Revenue Funds	Police Impact Fund	Traverse Ridge	Historic Preservation	Total Other Governmental Funds
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ 471,274	\$ -	\$ 471,274
Impact fees	-	530,772	1,782,758	279,776	-	-	2,593,306
Interest	76,497	19,127	255,516	15,928	51,718	440	419,226
Lease revenue	400,000	-	-	-	-	-	400,000
Miscellaneous	-	1,141	-	-	29,808	3,629	34,578
Total Revenue	476,497	551,040	2,038,274	295,704	552,800	4,069	3,918,384
Expenditures:							
Current:							
General government	-	-	-	-	140,960	1,739	142,699
Highway and public improvements	-	-	-	-	118,532	-	118,532
Parks, recreation and public property	-	-	-	-	-	-	-
Capital outlay and grant expenditures	-	-	-	-	148,865	-	148,865
Debt Service:							
Principal	446,000	-	-	-	-	-	446,000
Interest	542,735	-	-	-	-	-	542,735
Bond issuance costs	208,442	-	-	-	-	-	208,442
Total Expenditures	1,197,177	-	-	-	408,357	1,739	1,607,273
Excess of Revenue Over (Under) Expenditures	(720,680)	551,040	2,038,274	295,704	144,443	2,330	2,311,111
Other Financing Sources (Uses):							
Lease revenue bonds issued	6,080,000	-	-	-	-	-	6,080,000
Transfers in	-	280,000	-	-	-	-	280,000
Transfers out	(5,940,381)	(180,000)	(2,506,561)	-	(110,000)	-	(8,736,942)
Total Other Financing Sources (Uses)	139,619	100,000	(2,506,561)	-	(110,000)	-	(2,376,942)
Net Change in Fund Balances	(581,061)	651,040	(468,287)	295,704	34,443	2,330	(65,831)
Fund Balances, Beginning	1,768,887	(465,736)	3,419,550	171,296	319,967	-	5,213,964
Prior Period Adjustments	-	-	-	-	(2,009)	7,814	5,805
Fund Balances, Ending	\$ 1,187,826	\$ -185,304	\$ 2,951,263	\$ 467,000	\$ 352,401	\$ 10,144	\$ 5,153,938

CITY OF DRAPER
IMPACT FEE SCHEDULE
FEES COLLECTED THROUGH JUNE 30, 2006

Fire Service

Capital Facilities Plan 2004

Project #	Description	Priority	Growth-related	Master Plan
1	Corner Canyon Fire Station (Land/CFP)	0-5	\$ 219,633	\$ 219,633
2	TRSSD Fire Station	0-5	1,200,000	1,200,000
3	West Fire Station (Land/CFP)	0-5	974,310	974,310
4	Capital Facilities Plan Update	6-10	10,000	10,000
3	West Fire Station (Construction)	11-20	1,200,000	1,200,000
4	Capital Facilities Plan Update	11-20	10,000	10,000
1	Corner Canyon Fire Station (Construction)	11-20	1,210,000	1,210,000
			<u>\$ 4,823,943</u>	<u>\$ 4,823,943</u>

Impact Fee Balance

Fund Balance as of 06/30/2006

\$ 365,304
\$ 365,304

Impact Fee Receipts - Unspent

FY2005-2006

Receipts dated 01/03/2006-06/30/2006 *

\$ 365,304
\$ 365,304

Total

* For complete receipt detail, please contact the Draper City Finance Director at (801) 576-6500.

CITY OF DRAPER
IMPACT FEE SCHEDULE
FEES COLLECTED THROUGH JUNE 30, 2006

Roads

Capital Facilities Plan 2004

Project #	Description	Priority	Growth-related	Master Plan
12	700 East	0-5	\$ 129,006	\$ 286,681
9	300 East	0-5	1,710,257	3,800,570
27	Willow Springs Lane	0-5	322,516	716,702
19	Highland Drive	0-5	756,631	1,681,402
1	11800 South	0-5	506,811	1,126,247
8	150 East (Bangerter)	0-5	1,800,000	4,000,000
22	Pony Express Road	0-5	1,087,656	2,417,013
15	Bellevue Project	0-5	168,469	374,375
25	Westbrook Properties	0-5	84,828	188,506
16	Capital Facilities Planning Update	0-5	20,000	20,000
22	Pony Express Road	6-10	1,227,919	2,728,708
20	Minuteman Drive	6-10	2,346,462	5,214,359
21	Pioneer Road	6-10	2,041,355	4,536,344
12	700 East	6-10	251,965	559,923
2	1300 East	6-10	1,698,771	3,775,047
24	Wayne's World Drive	6-10	537,052	1,193,449
18	Galena Park Boulevard	6-10	4,205,234	9,344,965
1	11800 South	6-10	1,049,783	2,332,851
3	13200 South	6-10	7,096,532	15,770,071
5	13400 South	6-10	240,195	533,766
6	13800 South	6-10	2,155,501	4,790,002
14	900 East	6-10	142,291	316,203
19	Highland Drive	6-10	560,210	1,244,911
16	Capital Facilities Planning Update	6-10	10,000	10,000
20	Minuteman Drive	11-20	2,689,761	5,977,246
22	Pony Express Road	11-20	1,385,393	3,078,652
13	700 West	11-20	1,127,522	2,505,604
7	150 East	11-20	953,191	2,118,203
17	Fort Street	11-20	2,068,005	4,595,565
4	13200 South/I-15 Underpass	11-20	1,120,986	2,491,079
16	Capital Facilities Planning Update	11-20	20,000	20,000
26	Willow Springs / Walden Lane	As Needed	1,035,849	2,301,887
12	700 East	As Needed	595,062	1,322,360
11	700 / 500 East	As Needed	925,652	2,057,005
10	500 East	As Needed	220,393	489,763
23	Steep Mountain Drive	As Needed	1,167,129	2,593,620
			\$ 43,458,387	\$ 96,513,079

Impact Fee Balance

Fund Balance as of 06/30/2006

\$ 4,042,203

\$ 4,042,203

Impact Fee Receipts - Unspent

FY2004-2005 Receipts dated 09/24/2006-06/30/2005 *

\$ 885,089

FY2005-2006 Receipts dated 07/01/2005-06/30/2006 *

3,157,114

Total

\$ 4,042,203

* For complete receipt detail, please contact the Draper City Finance Director at (801) 576-6500.

CITY OF DRAPER
IMPACT FEE SCHEDULE
FEES COLLECTED THROUGH JUNE 30, 2006

Parks, Trails & Open Space
Capital Facilities Plan 2004

Project #	Description	Priority	Growth-related	Master Plan
1	Parks: Special Use	0-5	\$ 81,790	\$ 120,833
2	Parks: Community	0-5	564,071	833,333
3	Parks: Area	0-5	1,110,656	1,640,833
4	Parks: Neighborhood	0-5	496,382	733,333
5	Open Space: Jordan River Regional Park	0-5	120,034	177,333
6	Trails: Hard Surface	0-5	381,222	563,200
7	Trails: Multi Surface (hard & soft)	0-5	681,434	1,006,720
8	Trails: Soft Surface	0-5	95,305	140,800
1	Parks: Special Use	6-10	81,790	120,833
2	Parks: Community	6-10	564,071	833,333
3	Parks: Area	6-10	1,110,656	1,640,833
4	Parks: Neighborhood	6-10	496,382	733,333
5	Open Space: Jordan River Regional Park	6-10	120,034	177,333
6	Trails: Hard Surface	6-10	381,222	563,200
7	Trails: Multi Surface (hard & soft)	6-10	681,434	1,006,720
8	Trails: Soft Surface	6-10	95,305	140,800
1	Parks: Special Use	11-20	327,161	483,333
2	Parks: Community	11-20	2,256,283	3,333,333
3	Parks: Area	11-20	4,442,622	6,563,333
4	Parks: Neighborhood	11-20	1,985,529	2,933,333
5	Open Space: Jordan River Regional Park	11-20	480,137	709,333
6	Trails: Hard Surface	11-20	1,524,887	2,252,800
7	Trails: Multi Surface (hard & soft)	11-20	2,725,735	4,026,880
8	Trails: Soft Surface	11-20	381,222	563,200
			\$ 21,185,364	\$ 31,298,320

Impact Fee Balance

Fund Balance as of 06/30/2006

\$ 6,995,846
\$ 6,995,846

Impact Fee Receipts - Unspent

FY2002-2003	Receipts dated 07/01/2002-06/30/2003 *	\$ 759,959
FY2003-2004	Receipts dated 07/01/2003-06/30/2004 *	2,240,203
FY2004-2005	Receipts dated 07/01/2004-06/30/2005 *	2,216,454
FY2005-2006	Receipts dated 07/01/2005-06/30/2006 *	1,779,229
Total		\$ 6,995,845

* For complete receipt detail, please contact the Draper City Finance Director at (801) 576-6500.

CITY OF DRAPER
IMPACT FEE SCHEDULE
FEES COLLECTED THROUGH JUNE 30, 2006

Police Service

Capital Facilities Plan 2004

Project #	Description	Priority	Growth-related	Master Plan
1	Capital Facilities Planning Update	0-5	\$ 13,058	\$ 20,000
2	Police Building: Land	0-5	582,688	892,409
1	Capital Facilities Planning Update	6-10	6,529	10,000
2	Police Building: Pre-Construction	6-10	277,499	425,000
2	Police Building: Construction	6-10	1,448,298	2,218,125
2	Police Building: Construction	11-20	865,610	1,325,715
			\$ 3,193,682	\$ 4,891,249

Impact Fee Balance

Fund Balance as of 06/30/2006

\$ 467,000

\$ 467,000

Impact Fee Receipts - Unspent

FY2003-2004 Receipts dated 03/16/2004-06/30/2004 *

\$ 46,867

FY2004-2005 Receipts dated 07/01/2004-06/30/2005 *

140,749

FY2005-2006 Receipts dated 07/01/2005-06/30/2006 *

279,384

Total

\$ 467,000

* For complete receipt detail, please contact the Draper City Finance Director at (801) 576-6500.

CITY OF DRAPER
IMPACT FEE SCHEDULE
FEES COLLECTED THROUGH JUNE 30, 2006

Water Service

Capital Facilities Plan 2004

Project #	Description	Priority	Growth-related	Master Plan
S-1	Zone 1A District Piping Improvements	0-5	\$ 177,370	\$ 210,000
S-2	Additional Zone 1A District Piping Improvements	0-5	267,744	317,000
S-3	Zone 1B PRV's	0-5	97,131	115,000
S-4	Zone 1A South Feed Pipe and PRV	0-5	551,536	1,306,000
S-5	Pump Station #1 Improvements	0-5	-	446,000
S-6	Pump Station #3 Improvements	0-5	-	803,000
S-7	Pump Station #4 Improvements	0-5	-	176,000
S-8	Zone 4A Piping Improvements	0-5	-	252,000
S-9	Tank 4B (2m Gal.)	0-5	-	1,152,000
S-10	New Zone 3A Piping	0-5	-	443,000
S-11	Pump Station #2 w/2-350 hp Pumps	0-5	827,926	2,376,000
S-12	New Pipe from Pump 1 to Pump 3	0-5	726,526	2,085,000
S-13	New Zone 3A & Zone 4B Piping	0-5	-	207,000
S-14	Pump Station #5 Construction	0-5	-	336,000
S-15	Pump Station #4 Improvements - Phase 2	0-5	-	43,000
S-16	Pump Station #3 Improvements - Phase 2	0-5	178,757	569,000
S-17	New Zone 4B Piping	0-5	-	541,000
S-18	New Zone 3A Piping	0-5	-	397,000
S-19	New Metered Connection to POMWTP Supply	0-5	70,087	82,981
S-19	New Metered Connection to POMWTP Supply	0-5	70,087	82,981
S-19	New Metered Connection to POMWTP Supply	0-5	75,177	241,039
S-20	Construct Tank T2 (1.3 m Gal.)	0-5	632,620	749,000
S-21	Construct Tank 3B and PipingT2 (1.3 m Gal.)	0-5	310,472	900,000
S-22	New Zone 2C Piping	0-5	828,572	981,000
S-23	New Zone 2C Piping - Phase 2	0-5	528,732	626,000
M-1	Zone 1A District Piping Improvements	6-10	509,305	603,000
M-2	Additional Zone 1A District Piping Improvements	6-10	593,767	703,000
M-5	New Zone 3B Piping	6-10	-	311,000
M-6	Construction Tank 6 (1.7m Gal.)	6-10	757,887	1,158,000
M-7	Pump Station #2 Improvements - Phase 1	6-10	234,161	677,000
M-8	Construct Transmission Piping from tank T2	6-10	253,386	300,000
M-10	Pump Station #3 Improvements - Phase 3	6-10	163,076	472,000
M-11	New Zone 3C and Zone 3D Piping - Phase 1	6-10	635,580	1,796,000
M-12	New Zone 3C and Zone 3D Piping - Phase 2	6-10	-	779,000
M-13	New Zone 3A Piping Phase 2	6-10	-	944,000
M-14	New Zone 3C and Zone 3D Piping Phase 2	6-10	-	742,000
L-1	Pump Station #2 Improvements - Phase 2	11-20	39,724	115,000
L-2	Pump Station #7	11-20	1,794,886	5,203,000
L-3	Construct 24" Southern Delivery Pipeline	11-20	2,222,439	6,442,000
L-4	Pump Station #8 & Tank (1m Gal.)	11-20	2,009,185	5,825,000
L-6	Pump Station #9 and Pipeline	11-20	798,656	2,314,000
L-7	Pump Station #6 and Pipeline	11-20	659,623	1,672,000
L-8	New Zone 4B Piping	11-20	179,802	271,000
L-9	New Zone 3A & 3B Piping	11-20	334,516	610,000
L-10	Zone 3B, 3C & 3D Distribution Piping	11-20	217,435	1,297,000
L-11	Zone 2A Piping Improvements	11-20	1,038,037	1,229,000

**CITY OF DRAPER
IMPACT FEE SCHEDULE
FEES COLLECTED THROUGH JUNE 30, 2006**

**Water Service (Continued)
Capital Facilities Plan 2004**

Project #	Description	Priority	Growth-related	Master Plan
L-12	Zone 1A Piping Improvements	11-20	677,394	648,000
NA	Point of the Treatment Plant - Reservoir	6-10	430,510	509,709
NA	Point of the Treatment Plant - Reservoir	6-10	430,510	509,709
NA	Point of the Treatment Plant - Reservoir	6-10	461,775	1,480,583
			\$ 19,784,391	\$ 52,048,002

Impact Fee Balance

Fund Balance as of 06/30/2006

\$ 952,667
\$ 952,667

Impact Fee Receipts - Unspent

FY2003-2004	Receipts dated 07/01/2003-06/30/2004 *	\$ 223,703
FY2004-2005	Receipts dated 07/01/2004-06/30/2005 *	287,431
FY2005-2006	Receipts dated 07/01/2005-06/30/2006 *	441,533
Total		\$ 952,667

* For complete receipt detail, please contact the Draper City Finance Director at (801) 576-6500.

CITY OF DRAPER
IMPACT FEE SCHEDULE
FEES COLLECTED THROUGH JUNE 30, 2006

Storm Water Service
Capital Facilities Plan 2004

Project #	Description	Priority	Growth-related	Master Plan
3	Corner Canyon	0-5	\$ 121,616	\$ 371,998
7	Corner Canyon	6-10	320,592	980,622
8	Corner Canyon	6-10	141,406	432,531
10	Corner Canyon	6-10	56,490	172,791
11	Corner Canyon	6-10	56,490	172,791
12	Corner Canyon	6-10	161,195	493,062
13	Corner Canyon	6-10	67,645	206,910
15	Corner Canyon	6-10	71,962	220,117
2	Willow Creek	0-5	95,307	369,796
5	Willow Creek	0-5	14,750	57,231
6	Willow Creek	6-10	108,355	420,423
9	Willow Creek	6-10	178,417	692,269
14	Willow Creek	6-10	154,874	600,920
16	Willow Creek	6-10	41,413	160,685
17	Willow Creek	As needed	10,495	40,721
18	Willow Creek	As needed	74,317	288,353
19	Willow Creek	As needed	140,691	545,890
			\$ 1,816,015	\$ 6,227,110

Impact Fee Balance

Fund Balance as of 06/30/2006

\$ 2,091,351

\$ 2,091,351

Impact Fee Receipts - Unspent

FY2003-2004 Receipts dated 09/30/2003-06/30/2004 *

FY2004-2005 Receipts dated 07/01/2004-06/30/2005 *

FY2005-2006 Receipts dated 07/01/2005-06/30/2006 *

\$ 610,316

696,668

784,367

Total

\$ 2,091,351

* For complete receipt detail, please contact the Draper City Finance Director at (801) 576-6500.

**CITY OF DRAPER
DRAPER, UTAH**

SUPPLEMENTARY REPORTS

For The Year Ended June 30, 2006

**CITY OF DRAPER
SUPPLEMENTARY REPORTS
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on State of Utah Legal Compliance	2
Schedule of Findings & Recommendations	4



Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of the City Council
City of Draper
Draper, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Draper, as of and for the year ended June 30, 2006, which collectively comprise the City of Draper's basic financial statements and have issued our report thereon dated December 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Draper's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Draper's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance that we have reported to the management of the City in the accompanying *Schedule of Findings and Recommendations*.

This report is intended for the information and use of the Mayor, City Council and management of the City of Draper and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Jensen & Keddington

December 21, 2006



Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

**INDEPENDENT AUDITORS' REPORT
ON STATE OF UTAH
LEGAL COMPLIANCE**

Honorable Mayor and
Members of City Council
City of Draper
Draper, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Draper, for the year ended June 30, 2006, and have issued our report thereon dated December 21, 2006. As part of our audit, we have audited the City of Draper's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major State assistance program from the State of Utah:

B&C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Justice Courts
B & C Road Funds
Special Districts
Other General Compliance Issues
Uniform Building Code Standards
Impact Fees
Asset Forfeiture

The management of the City of Draper is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the *Schedule of Findings and Recommendations*. We considered these instances of noncompliance in forming our opinion, which is expressed in the following paragraph.

In our opinion, the City of Draper complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

This report is intended for the information and use of the Mayor, City Council and management of the City of Draper and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Jensen & Keddington

December 21, 2006

CITY OF DRAPER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2006

A. FINDINGS – FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS

None

B. FINDINGS - STATE LEGAL COMPLIANCE - IMMATERIAL INSTANCES OF NONCOMPLIANCE

1. JUSTICE COURTS

Finding

Utah Code Section 51-4-2 states that all justice courts, having funds due to the State, should pay all funds by the 10th of the following month. The City's justice court submitted the State's share of funds after the 10th day in four out of twelve instances.

Recommendation

The City should comply with the Utah Code and submit the State's share of funds by the 10th of the following month.

Response

The City will make every effort to remit State fund by the 10th day of the following month for all justice court collected State funds.

This item was also noted as a finding in the prior year.